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### PAYROLL BULLETIN (6-91)

TO: All State Agencies, Departments, Boards, Commissions and Universities  
SUBJECT: Employer Pickup of Employee Retirement Contributions

Effective with pay periods beginning after December 31, 1991, most agencies with employees under the State Employees' System and certain agencies with employees under the Teachers' Retirement System and subject to the Personnel Code will begin picking up their employees' retirement contributions. The agencies which are eligible have appropriations already made to them. For agencies under the Governor, the State Employees' Retirement System will send a certification form to the Department of Central Management Services. Agencies not under the Governor will receive a separate certification form to be completed and signed by the agency head.

The employer pickup amount will be indicated on the payroll voucher in fields 93 and 94. Field 93 will be a code denoting the percentage of the pickup and field 94 will show the dollar amount of the pickup. The tape positions for the codes are 78 and 79. These are numeric positions. The pickup amount tape positions are 80 through 86 S9(5)V99.

The employer pickup codes will be from 00 to 99. If there is no employer pickup of employee retirement contributions, the employer pickup code will be 00 (zeros). If the employer pickup of employee retirement contributions is 4%, the employer pickup code is 01 and if the employer pickup is 5 1/2% of employee retirement contributions, the employer pickup code will be 02. New employer pickup codes will be assigned if the percentage of employer pickup is other than 4% or 5 1/2%.

The employee retirement deduction code will remain the same as in the past regardless of what percentage is being picked up and will remain in field 34 on the payroll voucher (tape position 335). The retirement amount in field 35 on the payroll voucher will contain only that amount which is being deducted from the employee's gross income.

Example 1: Assume the employee is a member of the State Employees' Retirement System and normally contributes 8% of gross income to the State Employees' Retirement System. Also, assume the employee will have 4% of the contribution picked up by the employer and the gross pay for the pay period is \$1,000.00. The payroll voucher record would be as follows:

		<u>Voucher Field</u>	<u>Tape Positions</u>
Retirement Code	0	34	335
Retirement Deduction	\$40.00	35	336-342
Pickup Code	01	93	78-79
Pickup Amount	\$40.00	94	80-86

Example 2: Assume an employee normally contributes 4% to the State Employees' Retirement System, the gross pay is \$1,000.00, and the entire amount of employee retirement contributions is to be picked up by the employer. The voucher record would be as follows:

		<u>Voucher Field</u>	<u>Tape Positions</u>
Retirement Code	1	34	335
Retirement Deduction	0	35	336-342
Pickup Code	01	93	78-79
Pickup Amount	\$40.00	94	80-86

The Comptroller trailer record code will be 89. The entire trailer record will be as follows:

<u>Trailer Code</u>	<u>Retirement System</u>
89-001	State Employees' Retirement System
89-009	State Universities Retirement System
89-007	Teachers' Retirement System
89-008	Judges Retirement System
89-006	General Assembly Retirement System

The trailer record amount for the employer pickup of retirement contributions should be from the account assigned to the appropriations made to each agency for this purpose in the amount of the total of voucher field 94. The combined amount of the employee deducted retirement and the employee picked up retirement must equal the retirement contributions based upon the retirement code in box 34 of the payroll voucher. Any retirement deducted from an employee's pay will continue to be treated as tax deferred. The trailer record and code should appear on the payroll voucher with the other trailer records. It should also appear on the payroll schedule giving the appropriation account code and citing the detail object of 1129.

In the event that a salary reversal is necessary when employer pickup of employee retirement contributions has been paid, the following payroll procedures must be followed:

1. Reverse the amounts that were actually deducted from the employee's pay and create the trailer record as is currently done.
2. Place the amount that should be reclaimed as a negative amount in the employer pickup of employee retirement contribution field. This amount should reduce only the trailer warrant for the employer pickup of employee retirement contributions. It should not generate another trailer record. If there is no employer pickup of employee retirement contributions or an insufficient amount on the payroll that the reversal is being made on, the employer picked up amount will have to be requested from and vouchered by the appropriate retirement system, and the negative amount should not appear on the payroll voucher or tape.

When agencies submit the salary refund forms to the Comptroller's office, the employer picked up contribution of employee retirement contributions should be shown on the form as a separate item on one of the blank lines if the trailer warrant on the payroll the reversal was made on was reducible. If the retirement system has to voucher this contribution to your agency, this warrant must be submitted on a second salary refund form citing the appropriation that the expenditure was paid from. This amount should be shown as a separate item on one of the blank lines. Both forms must be submitted together.

When any appropriation payable from trust funds or federal funds includes an item for personal services but does not include a separate item for employee retirement contributions paid by the employer, the State contribution for employee retirement contributions paid by the employer in relation to employees paid under that personal services line item shall also be payable under that personal services line item.

Agencies who have employees who are members of retirement systems other than the State Employees' Retirement System and the Teachers' Retirement System should perform the required programming changes in the event that the employer pickup of employee retirement contributions is extended to them.

Agencies should monitor the balance of the appropriation for employer pickup of employee retirement contributions to ensure there is an adequate balance to cover the payrolls for each payroll schedule. If it is anticipated that the appropriation will not have a sufficient balance, the appropriate action should be taken, such as an appropriation transfer or supplemental appropriation, prior to the vouchers reaching the Comptroller's office.

State statute (P.A. 87-14) prohibits transferring money out of the appropriation for employee pickup of employee retirement contributions. Any transfers into a personal services line item must be accompanied by a corresponding transfer into the line item for employer pickup.

Copies of this bulletin may be reproduced for internal distribution.

Questions regarding this bulletin should be referred to Dan Steven or Nancy Smith at (217) 782-4758.

Sincerely,



Larry D. Roth  
Director - State Accounting